

Message Text

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PAGE 01 TEHRAN 07263 011801Z
ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 XMB-04 EB-08 EA-12 /035 W
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R 011154Z AUG 78
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC 9604

UNCLAS TEHRAN 7263

PASS EXIMBANK

EO 11652: N/A
TAGS: ECRE, ENRG, BEXP, IR
SUBJ: TAVANIR TS-39 AND TS-41 POWER LINE PROJECTS

REF: TEHRAN 6652

1. EMBASSY HAS RECEIVED ANOTHER TELEGRAM FROM FRANK DEEMS AND D.B. COFER OF SOUTHWIRE COMPANY, CORROLTON, GEORGIA. SOUTHWIRE IS BIDDING WITH FURUKAWA ELECTRIC OF JAPAN ON DOLS 250 MILLION TRANSMISSION LINE PROJECT FOR 400 KV LINE BETWEEN ISFAHAN AND SHIRAZ (TS-39) AND DOLS 175 MILLION PROJECT BETWEEN TEHRAN AND SHIRAZ (TS-41) BOTH PROJECTS ARE FOR IRANIAN POWER COMPANY KNOWN AS TAVANIR. TEXT OF SOUTHWIRE CABLE GIVEN IN PARA TWO.

2. QUOTE SOUTHWIRE HAS RECEIVED A COPY OF MEMO FROM MR. FRED CROSELY OF MAJOR EXPORT PROJECTS DIVISIO, U.S. DEPT. OF COMMERCE. MEMO ADVISES THAT OFFICIALS OF TAVANIR, A SUBSIDIARY OF MINERGY, CLAIM THAT US COMPANIES OFTEN DO NOT RESPOND TO BID OFFERS OR ARE ONLY WILLING TO BID ON COST PLUS BASIS. SOUTHWIRE IS BIDDING FOR SUPPLY OF CONDUCTOR, TOWERS, INSULATORS, AND OTHER ACCESSORIES FOR TAVANIR TENDERS TS-39 AND TS-41 ON FIXED COST BASIS. WE SUBMITTED AN APPLICATION FOR A U.S. EXIMBANK PRELIMINARY COMMITMENT ON JUNE 30, 1978. WE
UNCLASSIFIED

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PAGE 02 TEHRAN 07263 011801Z

WILL BE BIDDING IN CONJUNCTION WITH FURUKAWA ELECTRIC CO. OF TOKYO WHO WILL BE ABLE TO OFFER JAPANESE EXIM FINANCING FOR 85 PERCENT OF JAPANESE SUPPLY AT INTERST RATE OF 7.25 PERCENT FIXED. REPAYMENT OVER SEVEN YEARS BEGINNING SIX MONTHS AFTER ACCEPTANCE. WE WOULD APPRECIATE YOUR TELEXING MR. CLAYTON NORRIS, VP OF U.S. EXIMBANK, TO URGE EXIMBANK TO OFFER COMPETITIVE

RATES. REGARDS, FRANK DEEMS/D.B. COFER SOUTHWIRE
COMPANY. END QUOTE.

3. LOCAL REP FOR FURUKAWA ELECTRIC CONFIRMED
SOUTHWIRE'S QUOTATION OF JAPANESE EXPORT FINANCING ON
JAPANESE SOURCE ITEMS. HE SAID THAT BECAUSE OF IN-
CREASINGLY UNFAVORABLE YEN RATE, FURUKAWA WOULD LIKE TO
MAXIMIZE ITS US SOURCING ON BOTH CONTRACTS AND HOPED
THAT EXIM WOULD COME UP WITH FAVORABLE TERMS. HOWEVER,
HE EXPECTED THATTAVANIR WOULD BARGAIN WITH BEST
QUALIFIED CONSORTIA TO LOWER TERMS BEFORE AWARDING
CONTRACT. (FY THIS IS USUAL PRACTICE IN IRAN.)

4. IN PREVIOUS TELEGRAM TO EMBASSY, SOUTHWIRE HAD
REQUESTED US TO APPROACH TAVANIR ON EXTENDING DEADLINE
FOR SUBMISSION OF TENDERS (AUG 6 FOR TS-39, AUG 16 FOR
TS-41). OFFICIALLY, TAVANIR HAS NOT AGREED TO POSTPONE
DEADLINESBUT BECAUSE COMPLEX TS-39 JOB HAS FEW BIDDERS,
LATER SUBMISSIONS MAY BE ACCEPTED UNOFFICIALLY. FOR
TS-41, WHERE COMPETITION IS INTENSE, LATE BIDS WILL
PROBABLY NOT BE ACCEPTED.

5. EMBASSY REQUESTS INFO IN PARA FIVE BE PASSED TO
SOUTHWIRE (PHONE NUMBER 404-832-5038) WITH WHATEVER
COMMENTS EXIM CARES TO ADD CONCERNING FINANCING.
AMERICAN FIRMS HAVE NOT WON ANY MAJOR CONTRACTS FROM
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PAGE 03 TEHRAN 07263 011801Z

TAVANIR IN RECENT PAST AND WE ARE MOST ANXIOUS THAT
SOUTHWIRE SUBMIT REASONABLE COMPETITIVE BID ON THESE
PROJECT. COMPLETION OF POWER TRANSMISSION LINE
PROJECTS NOW UNDERWAY WILL TAKE SOME TIME, AND GOI
WILL PROBABLY NOT HAVE MAJOR POWERLINE PROJECTS OVER
THE NEXT FIVE YEARS.
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